

State of Washington

# FORTY-NINTH REPORT

*of* Washington State Liquor Control Board



July 1, 1981

to

June 30, 1982

**DEFENDANT'S  
EXHIBIT**

CASE  
NO. C04-0360P

EXHIBIT  
NO. 489

Resp to Costco RFP  
2125

TX489-001

## MANUFACTURERS, IMPORTERS AND WHOLESALEERS DIVISION

The principal responsibility of this division is ensuring that all state liquor laws and administrative rules applicable to beer, wine and spirituous liquor manufacturers, importers, wholesalers and interstate common carriers are administered and enforced properly. Division personnel monitor and regulate the activities of all non-retail liquor licensees within the state. Offices are maintained in Olympia, Seattle and Spokane. The state chemist also serves this division by performing chemical analysis of beers and wines proposed for sale within the state.

### Legislation

During the 1982 sessions of the legislature several statutory changes were enacted which significantly affected the liquor industry.

RCW 66.28.010, the law setting forth the prohibitions applying to holding an interest in both retail and non-retail licensed liquor businesses, was amended to provide that state or federally chartered banks and savings and loans associations and/or institutional investors may hold interests simultaneously in manufacturers, importers, or wholesalers of liquor and retail licensed businesses. These entities holding interest in both may not be controlled, directly or indirectly, by manufacturers, importers, or wholesalers and may not influence or attempt to influence the purchasing practices of the retailer with respect to alcoholic beverages. The same statute was amended allowing manufacturers, importers, and wholesalers to provide limited services to special occasion retail licensees only. Said services include advertising, installation of draft equipment, and assisting with the dispensing of wine at exhibitions or judging events.

Two statutes, RCW 66.28.020 and RCW 66.28.025, were repealed. This eliminated the provisions under which wine manufacturers and/or persons having an interest in manufacturing or wholesaling distilled spirits were barred from having a financial interest in the business of licensed beer or wine importers and wholesalers.

The statutory definition of beer was amended for the purpose of allowing licensed beer importers, wholesalers, and retailers to sell beer containing up to eight percent alcohol by weight. (Previously these licensees could not sell malt beverages containing over four percent alcohol by weight.) The brewers' license fee statute was revised. The amendment provided that the annual fee per annum will be at the rate of fifty dollars per thousand barrels produced, with a maximum annual fee of two thousand dollars. (Previously the annual fee had been fixed at the single rate of two thousand dollars.)

The domestic winery license statute was amended for the purpose of allowing licensed Washington wineries to engage in the sales of wine of their own production at wholesale and retail without obtaining added classes of license. The privilege of selling wine at retail is limited to the winery premises and sales for off-premises consumption only are provided for without the need for additional licensing. The statute prohibiting manufacturers giving away liquor (RCW 66.28.040) was amended to allow wineries to donate wine to qualifying not-for-profit groups which operate solely for enology or the study of viticulture; wine donated pursuant to this provision is to be used for educational purposes only.

Also enacted was a measure allowing breweries, wineries or wholesalers to conduct, without charge, courses of instruction for licensees and their employees on the subject of beer or wine. Such courses may include such matters as the history, nature, characteristics, and methods of presenting, serving, and storing the product. A provision is made for serving or furnishing beer or wine in conjunction with the courses.

**WINE VOLUME SALES**  
Comparative Fiscal Years 1982 and 1981

	1982 Liters	1981 Liters	Increase (Decrease)	Percent
<b>Sales to Importers/Wholesalers:</b>				
Wine Manufactured in Washington	2,029,666.58	2,051,071.01	(21,404.43)	(1.04)
Wine Manufactured Outside Washington	40,785,346.02	40,288,018.19	497,327.83	1.23
Total	42,815,012.60	42,339,089.20	475,923.40	1.12
<b>Sales by Liquor Control Board:</b>				
Wine Manufactured in Washington	369,773.71	360,481.32	9,292.39	2.58
Wine Manufactured Outside Washington	9,300,502.71	9,061,103.70	239,399.01	2.64
Total	9,670,276.42	9,421,585.02	248,691.40	2.64
<b>Total Sales:</b>				
Wine Manufactured in Washington	2,399,440.29	2,411,552.33	(12,112.04)	(0.50)
Wine Manufactured Outside Washington	50,085,848.73	49,349,121.89	736,726.84	1.49
Total	52,485,289.02	51,760,674.22	724,614.80	1.40